

Kentucky Consumer Fact Sheet for Health Insurance

It is important to remember that not all insurance plans fall under the jurisdiction of the Kentucky Department of Insurance. Some employer or employee groups purchase health insurance from an insurance company. Others may purchase health coverage from a health maintenance organization (HMO). Both are called **fully insured** health benefit plans and are regulated by state insurance departments.

However, some employer or employee groups provide what are called **self-funded** health benefit plans. This means the employer or group sets aside funds and employee premiums each month to pay health claims submitted to the plan. This type of plan is under the authority of the U.S. Department of Labor's Pension and Welfare Benefits Administration. These plans are authorized by Congress under the Employee Retirement Income Security Act (ERISA). Some state laws do not apply to these plans and the Kentucky Department of Insurance does not have the authority to investigate complaints about these plans.

If you have a question about the type of plan you have, contact the benefits coordinator at your place of employment.

Consumer tips

Here are some factors to consider when buying health insurance:

Customer Service. Find out how the company serves its policyholders. Does the company have a toll-free customer service number? What happens when you call the company's consumer complaint number?

Complaint history. Has the company had an unusually high number of consumer complaints?

Licensing status. Call the Kentucky Department of Insurance at 1-800-595-6053 to find out if the company is licensed to do business in Kentucky.

Cost. Premiums for health insurance may vary. Be sure to look at the benefits offered, as well as the cost.

Financial stability. Financial stability helps ensure that a company can pay its claims. The Kentucky Department of Insurance establishes requirements that each company must follow and continually monitors the financial stability of insurance companies operating in the state. Independent organizations also rate the financial stability.

Types of health insurance plans

Traditional fee-for-service (FFS) plans, allowing an individual to go to the doctor of his choice and then submit the claim, are becoming rare. More Americans today are covered by one of the following plans:

Health Maintenance Organization (HMO) - An HMO provides services through a network of doctors, hospitals, laboratories and other providers. The HMO pays providers a monthly amount regardless of the services performed. When you enroll in an HMO, you will select one of the doctors as your primary care physician (PCP) to manage all of your health care. You must contact this doctor first regardless of the type of care you need. Your PCP will then refer you to an HMO-approved specialist for additional care.

Preferred Provider Organization (PPO) - A PPO is a group of doctors, hospitals and other providers who have agreed to provide services to members of a health plan for discounted fees. Some employers combine the PPO with traditional major medical plan so you can use providers who are not on the PPO list. To encourage you to use the preferred providers, however, they charge lower out-of-pocket expenses than if you use a provider not on the list.

Point of Service (POS) - A POS is similar to an HMO in that you select a PCP to manage your care and give you referrals to network providers. A POS also gives you the option to see a provider outside the network. However, if you leave the network, the plan pays at a reduced rate and you will have more out-of-pocket expenses.

How to make health claims and appeal denials

Kentucky Department of Insurance
Consumer Hotline
800-595-6053

Before you file a claim:

- ◆ Review your policy or employee booklet carefully to be sure the service in question is covered.
- ◆ Follow any managed care rules, including pre-certification requirements and the use of network providers.

Submitting a claim:

- ◆ Find out if your provider submits the claim for you or if you need to do it.
- ◆ If you need to file the claim, review the information to be sure it is complete and correct.
- ◆ File the claim as soon as you get the bill from the provider.
- ◆ Send it to the right address.
- ◆ Keep a copy for your files.

Allow reasonable time for the company to process your claim. The company will inform you if it needs additional information to complete the claim. Often, it will request the information directly from the provider. After the company has all the information it needs, it has a certain number of working days to process your claim. The company must send you an explanation of benefits to explain its decision.

If your claim is denied:

- ◆ The reason for the denial should be stated on your explanation of benefits.
- ◆ If you disagree with the reason stated for denial, check your policy or employee booklet for the company's appeal procedure.
- ◆ The company should be able to answer procedural questions about appeals over the phone.
- ◆ Your appeal should be in writing and may require information from your doctor.

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To file a complaint

If you've tried unsuccessfully to resolve the claim problem with your company or agent, you can contact the Consumer Protection and Education division of the Kentucky Department of Insurance. You will be asked to file a written complaint. Please include the following:

- ◆ Your name, address and daytime telephone number.
- ◆ A description of the problem from your point of view. Include the name of any insurance companies involved, policy numbers, what type of insurance, etc. Be as complete as possible.
- ◆ Supply any documentation you have to support your case. This could include the police report if the complaint is related to an auto accident or copies of your explanation of benefits if the complaint is related to health insurance.
- ◆ Include what you have done to resolve the problem.
- ◆ If the complaint involves health insurance, please include copies of both sides of your insurance card.
- ◆ Do not send originals.

Mail complaints to Kentucky Department of Insurance, PO Box 517, Frankfort, KY 40602 or fax to 502-564-6090. You can e-mail them to us or use the online complaint form available at our web site - <http://doi.ppr.ky.gov>. Please call 800-595-6053 for more information.

Paul E. Patton, Governor
Commonwealth of Kentucky

Janie Miller, Secretary
Public Protection and Regulation Cabinet
and
Commissioner
Kentucky Department of Insurance

